

(Counsel information listed on signature page)

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA  
SAN FRANCISCO DIVISION

CAPELLA PHOTONICS, INC.,

Plaintiff,

v.

CISCO SYSTEMS, INC.,

Defendant.

Lead Case No. 3:14-cv-03348-EMC

**DEFENDANTS' OPPOSITION TO  
PLAINTIFF'S MOTION TO DISMISS  
ACTIONS WITHOUT PREJUDICE AS  
MOOT AND FOR LACK OF  
JURISDICTION AND CROSS-MOTION  
FOR ENTRY OF SUMMARY AND/OR  
FINAL JUDGMENT PURSUANT TO  
FRCP 54, 56, AND/OR 58, AND  
REQUEST TO AWARD DEFENDANTS'  
COSTS**

**Hearing Date:** August 30, 2019

**Time:** 1:30 pm.

**Courtroom:** 5

**Judge:** Hon. Edward M. Chen

CAPELLA PHOTONICS, INC.,

Plaintiff,

v.

FUJITSU NETWORK COMMUNICATIONS,  
INC.,

Defendant.

No. 3:14-CV-03349-EMC (related case)

DEFENDANTS' OPPOSITION TO PLAINTIFF'S  
MOTION TO DISMISS AND CROSS-MOTION  
FOR ENTRY OF FINAL JUDGMENT AND  
REQUEST TO AWARD DEFENDANTS COSTS

CASE NO. 3:14-CV-03348-EMC

1 CAPELLA PHOTONICS, INC.,

2 Plaintiff,

3 v.

4 TELLABS OPERATIONS, INC. AND  
5 CORIANT (USA) INC.,

6 Defendants.

No. 3:14-CV-03350-EMC (related case)

7 CAPELLA PHOTONICS, INC.,

8 Plaintiff,

9 v.

10 CIENA CORPORATION,

11 Defendant.

No. 3:14-CV-03351-EMC (related case)

**NOTICE OF CROSS-MOTION AND CROSS-MOTION**

TO ALL PARTIES AND THEIR ATTORNEYS OF RECORD:

PLEASE TAKE NOTICE that on August 30, 2019 or as soon thereafter as the matter may be heard, in Courtroom 5 - 17th Floor, 450 Golden Gate Avenue, San Francisco, CA 94102, defendants Cisco Systems, Inc., Fujitsu Network Communications, Inc., Coriant Operations, Inc. (formerly Tellabs Operations, Inc.), Coriant (USA) Inc., and Ciena Corporation (collectively, "Defendants") move the Court to enter summary and/or final judgment pursuant to FRCP 54, 56, and/or 58, and to award Defendants' costs. This motion is based on this Notice of Motion, the attached memorandum of points and authorities in support thereof, the pleadings and documents on file in this case, and such other evidence and argument as may be presented at the hearing on this motion.

**STATEMENT OF RELIEF REQUESTED AND  
MEMORANDUM OF POINTS AND AUTHORITIES**

Plaintiff's infringement counts have failed and its Complaints that alleged each respective Defendant infringed U.S. Patent Nos. RE42,368 (the "'368 Patent") and RE42,678 (the "'678 Patent") (collectively, the "Asserted Patents") must be dismissed with prejudice. Plaintiff's assertion that the Court lacks jurisdiction based on the cancellation of the patent claims asserted by Plaintiff, Docket No. 221 at 5, ignores Plaintiff's futile effort to amend its infringement contentions after such cancellation and erroneously seeks to deprive Defendants of final judgment in their favor and prevailing party status under the law. Defendants respectfully request that the Court deny Plaintiff's motion and enter summary and/or final judgment in Defendants' favor on Plaintiff's infringement counts pursuant to Federal Rules of Civil Procedure 54, 56, and/or 58 and award statutory costs to Defendants.

**I. FACTUAL BACKGROUND**

In 2014, Plaintiff filed Complaints alleging that each respective Defendant infringed the

1 Asserted Patents. Docket No. 30 (Cisco)<sup>1</sup>; No. 3:14-cv-03349-EMC, Docket No. 18-1 (Fujitsu));  
 2 No. 3:14-cv-03350-EMC, Docket No. 31 (Tellabs and Coriant); No. 3:14-cv-03351-EMC, Docket  
 3 No. 82 (Ciena). Defendants denied Plaintiff's infringement counts in their operative responsive  
 4 pleadings filed after transfer of venue and consolidation. Docket No. 153 (Coriant's Amended  
 5 Answer), Docket No. 154 (Tellabs' Amended Answer); Docket No. 155 (Ciena's Amended  
 6 Answer and Counterclaims); Docket No. 157 (Cisco's Amended Answer); Docket No. 158  
 7 (Fujitsu's Amended Answer).

8 Defendants also sought *inter partes* review ("IPR") at the Patent Trial and Appeal Board  
 9 ("PTAB") of the claims of the Asserted Patents that Plaintiff asserted in its infringement  
 10 contentions ("Asserted Claims"). Browand Decl., Exs. 1 & 2. In January and February 2015, the  
 11 PTAB instituted IPRs on the Asserted Claims. *Id.* The Court stayed these cases in March 2015,  
 12 pending the PTAB's IPR proceedings. Docket No. 172. In 2016, the PTAB invalidated the  
 13 Asserted Claims, and the Federal Circuit affirmed the invalidation in February 2018 and issued its  
 14 mandate in April 2018. Browand Decl., Exs. 3 & 4. Plaintiff petitioned the Supreme Court which  
 15 denied Plaintiff's petition on November 5, 2018. *Id.*, Ex. 5. In December, the PTAB issued  
 16 certificates that canceled the Asserted Claims. *Id.*, Exs. 6 & 7.

17 On February 14, 2019, Plaintiff sought to avoid dismissal of these cases and moved to  
 18 maintain the stay of these cases and amend its infringement contentions. Docket No. 205. On  
 19 February 21, 2019, Defendants opposed Plaintiff's motion and sought dismissal for failure to  
 20 prosecute under Federal Rule of Civil Procedure 41(b). Docket No. 209.

21 On June 4, 2019, the Court denied Plaintiff's motion to (1) maintain the stay of these cases  
 22 and (2) amend its infringement contentions. The Court also denied Defendants' motion to dismiss  
 23 for failure to prosecute "without prejudice to Defendants moving for judgment on the merits  
 24 through an appropriate vehicle." Docket No. 219 at 12.

25  
 26 <sup>1</sup> All "Docket No." citations are to the docket in *Capella Photonics, Inc. v. Cisco Systems, Inc.*,  
 27 No. 3:14-cv-03348-EMC (N.D. Cal.) except as otherwise noted.

Defendants subsequently sought Plaintiff's cooperation in amicably concluding these cases but Plaintiff refused—withholding its position for weeks and then filing its motion without notice to Defendants. On June 26, 2019, Defendants' counsel contacted Plaintiff's counsel to confer about an agreed procedure for terminating these actions, and the parties' counsel conducted a conferral on July 3. Browand Decl., Ex. 10. On July 3, Defendants informed Plaintiff of their intention to seek summary and/or final judgment, Plaintiff agreed to consider Defendants' proposal, and Defendants' counsel provided Plaintiff with legal authority supporting their position. *Id.* On July 11, Plaintiff claimed that it was still considering Defendants' proposal and asked for a copy of the proposed motion, which Defendants provided the next day. *Id.* On July 16, the parties conducted a second conferral at Plaintiff's request. *Id.* Finally, on July 17, Plaintiff stated that it believed summary judgment was improper but did not inform Defendants of its motion prior to filing. *Id.*

## **II. PLAINTIFF'S INFRINGEMENT CLAIMS FAILED AND JUDGMENT FOR DEFENDANTS IS APPROPRIATE**

Defendants are entitled to summary and/or final judgment on the merits of Plaintiff's infringement counts because the Asserted Claims are invalid and the Court denied Plaintiff's motion to maintain the stay and/or amend Plaintiff's infringement contentions. *See, e.g., Hopkins Mfg. Corp. v. Cequent Performance Prods., Inc.*, 223 F. Supp. 3d 1194, 1200 (D. Kan. 2016) (“Despite the cancellation of claims in this case at the USPTO ..., this case may proceed to entry of judgment.”); *Munchkin, Inc. Luv N'Care, Ltd.*, No. CV 13-06787 JEM, 2018 WL 7507424, at \*2 (C.D. Cal. May 2, 2018) (finding that despite the PTAB's invalidity ruling, “this Court necessarily must act to terminate Plaintiff's infringement claim”). Plaintiff has not offered a covenant not to sue, and “no case holds that a PTAB invalidity ruling precludes entry of final judgment on infringement or conferral of prevailing party status on a defendant.” *Munchkin*, 2018 WL 7507424, at \*2.

None of Plaintiff's cited cases are applicable here. *First, Fresenius USA, Inc. v. Baxter International, Inc.*, 721 F.3d 1330, 1340 (Fed. Cir. 2013), does not support Plaintiff's position. *Cf.*

Docket No. 221 at 5-6. *Fresenius* “does not address subject matter jurisdiction or how a plaintiff’s moot infringement claims should be dismissed....” *Munchkin, Inc. Luv N’Care, Ltd.*, 2018 WL 7507424, at \*2. *Second, Target Training International, Ltd. v. Extended Disc North America, Inc.* is unavailing because the mootness finding there was premised on the fact that Target Training, unlike Plaintiff here, never “sought to assert” other claims in the patent-in-suit. 645 F. App’x 1018, 1023-25 (Fed. Cir. 2016); *see SHFL Entm’t, Inc. v. DigiDeal Corp.*, 729 F. App’x 931, 934 (Fed. Cir. 2018) (same). *Third*, Plaintiff’s citation to other cases dismissed without prejudice because future suits on the non-canceled claims in the same patents were still possible, *cf.* Docket No. 221 at 6, does not address the present situation involving pending reissue applications because Plaintiff concedes that “[u]pon reissue Capella will surrender the” Asserted Patents in full. Docket No. 205 at 2; *see Kimberly-Clark Worldwide Inc. v. First Quality Baby Products LLC*, Case No. 14-cv-1466, 2017 WL 481434, at \*2 (E.D. Wis. Jan. 1, 2017) (dismissing patent claims with prejudice because plaintiff cannot cure and bring a subsequent action involving its canceled patent).

Here, all parts of Plaintiff’s causes of action have been resolved against Plaintiff and Plaintiff can no longer maintain a claim of infringement of the Asserted Patents under its infringement counts against any of the Defendants. The Patent and Trademark Office canceled Plaintiff’s Asserted Claims, Browand Decl., Exs. 6 & 7, and the Court denied Plaintiff’s motion to amend its infringement contentions to add unasserted claims. Docket No. 219. Accordingly, Plaintiff’s infringement counts fail, and Defendants are entitled to entry of final judgment in their favor and dismissal of Plaintiff’s Complaints with prejudice. *E.g.*, *Munchkin*, 2018 WL 7507424, at \*3 (granting motion for entry of final judgment); *see* Browand Decl., Ex. 8, *Munchkin, Inc. v. Luv N’Care, Ltd.*, No. CV 13-06787 JEM, Dkt. No. 187 (C.D. Cal. May 2, 2018) (final judgment).

### **III. THE COURT SHOULD ADDITIONALLY GRANT CIENA’S CONDITIONAL REQUEST THAT THE COURT DISMISS ITS COUNTERCLAIMS WITHOUT PREJUDICE**

After the Court enters summary and/or final judgment on the merits of Plaintiff’s infringement counts, the only remaining counts in this case will be Ciena’s first through fourth

counterclaims. *See* Docket No. 155 at 20-22. Ciena respectfully requests that, if the Court enters the judgment requested above on Capella’s infringement counts, it also dismiss these counterclaims without prejudice pursuant to Fed. R. Civ. Pro. 41(a)(2). *See also* Fed. R. Civ. Pro. 41(c) (applying Rule 41 to counterclaims). This dismissal without prejudice is proper because it will allow the parties and the court to avoid expending resources to address counterclaims that are no longer necessary in light of the Court’s dismissal of Capella’s infringement counts. *See Helios Software, LLC v. SpectorSoft Corp.*, No. CV 12-81-LPS, 2015 WL 3622399, at \*4 (D. Del. June 5, 2015).

**IV. DEFENDANTS ARE THE PREVAILING PARTY AND SHOULD BE AWARDED STATUTORY COSTS**

Defendants are the prevailing party in these litigations. A judgment and dismissal in this case of Plaintiff’s infringement claims confers prevailing party status on the Defendants. *Raniere v. Microsoft Corp.*, 887 F.3d 1298, 1303 (Fed. Cir. 2018) (affirming a prevailing party finding where suit was dismissed for lack of standing); *see also CRST Van Expedited, Inc. v. E.E.O.C.*, 136 S. Ct. 1642, 1651 (2016) (“[A] defendant need not obtain a favorable judgment on the merits in order to be a ‘prevailing party’ .... The defendant may prevail even if the court’s final judgment rejects the plaintiff’s claim for a nonmerits reason.”). Here, Defendants have fulfilled their “primary objective” since Capella’s “challenge is rebuffed, irrespective of the precise reason for the court’s decision.” *CRST*, 136 S. Ct. at 1652-53 (recognizing that defendants were deemed prevailing parties in other cases where plaintiffs’ claims were rejected as “frivolous, unreasonable,” “groundless” and “moot”).

Consistent with Federal Rule of Civil Procedure Rule 54(d), this Court should award Defendants their statutory costs. Fed. R. Civ. Pro. 54(d) (“Unless a federal statute, these rules, or a court order provides otherwise, costs—other than attorney’s fees—should be allowed to the prevailing party.”). The rule establishes “a presumption that the prevailing party will be awarded its taxable costs.” *Dawson v. City of Seattle*, 435 F.3d 1054, 1070 (9th Cir. 2006). Courts award costs to defendants when the Patent Office has determined that the patent claims asserted in the

1 parallel litigation were invalid. *See, e.g., Motion Games, LLC v. Nintendo Co., Ltd.*, Case No. 12-  
2 cv-878, 2016 WL 9136171, at \*3-\*4 (E.D. Tex. Oct. 24, 2016) (awarding costs to the defendants  
3 following invalidation of claims in IPR); *Kimberly-Clark*, 2017 WL 481434, at \*3 (dismissing  
4 claims found invalid in IPR with prejudice, and awarding the defendant “statutory costs”);  
5 Browand Decl., Ex. 9, *Personal Audio LLC v. CBS Corp.*, No. 2:13-cv-270, Dkt. No. 126 (E.D.  
6 Tex. July 11, 2018) (judgment).

7 Defendants’ entitlement to “prevailing party” status is a substantial right that permits  
8 Defendants to file a Rule 54(d)(2) motion for an award of attorneys’ fees and related nontaxable  
9 costs. *See, e.g.,* 35 U.S.C. § 285 (“The court in exceptional cases may award reasonable attorney  
10 fees to the prevailing party.”). Thus, Defendants request entry of final judgment (instead of  
11 another form of termination) “in order to avoid prejudice to Defendants’ prevailing party status.”  
12 *Munchkin*, 2018 WL 7507424, at \*2.

13 Accordingly, Defendants respectfully request that this Court deny Plaintiff’s motion and  
14 enter final judgment in favor of Defendants, dismiss Plaintiff’s infringement Complaints in these  
15 cases with prejudice, and award Defendants statutory costs as the prevailing party.  
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DATED: August 8, 2019

Respectfully submitted,

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1 All signatories listed, and on whose behalf the filing is submitted, concur in the filing's  
2 content and have authorized the filing as per Local Rule 5-1(i).

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